

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SCEM-02 SCI-06 INT-08 AID-20

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

NSC-10 SS-20 STR-08 CEA-02 L-03 H-03 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 /176 W
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R 312101Z OCT 73

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1646

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SUBJECT: GOVERNMENT FINANCE - REVENUE FOR 1973

REF: CARACAS 9205

1. AS RESULT NOVEMBER INCREASE PETROLEUM TAX REFERENCE
VALUE (TRV) TO \$7.24 PER BARREL (\$3.15 IN JANUARY)
REPORTED REFTEL, GOVERNMENT REVENUE THIS YEAR WILL BE
CONSIDERABLY HIGHER THAN PROJECTED IN 1973 BUDGET.
UNOFFICIAL ESTIMATE BY MINISTRY OF FINANCE INDICATES
THAT REVENUE FROM PETROLEUM INCOME TAX ALONE WILL
INCREASE BY BS. 1,787 MILLION AND ROYALTIES FROM
HYDROCARBONS BS. 211 MILLION OVER ORIGINAL BUDGET
FIGURE. WHILE CERTAIN OTHER ITEMS IN THE BUDGET HAVE
DECREASED MARGINALLY, SUCH AS INCOME TAX FROM IRON,
CUSTOMS TARIFFS, EXCHANGE PROFITS, NET INCREASE IN
GOVERNMENT REVENUE OVER BUDGET 1973 IS CURRENTLY
ESTIMATED AT BS. 1,832 MILLION.

2. LIKEWISE THE NOVEMBER INCREASES IN TRV'S WILL BE
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REFLECTED NEXT YEAR IN A BS. 1,400 MILLION INCREASE IN

GOVERNMENT REVENUE ABOVE THAT ESTIMATED IN THE 1974 BUDGET. OF COURSE IF PETROLEUM TRV'S ARE INCREASED AGAIN IN DECEMBER, PETROLEUM REVENUE FOR 1973 AND 1974 WILL RISE EVEN HIGHER.

3. THERE FOLLOWS A COMPARISON OF GOVERNMENT REVENUE AS ESTIMATED IN ORIGINAL 1973 BUDGET AND REVISION OF REVENUE PROJECTION BY MINISTER OF FINANCE AS RESULT OF NOVEMBER INCREASE IN PETROLEUM TRV'S.

REVENUE	APPRO- VED BUD- GET	REVISED ESTIMATE AS OF NOV 73	CHANGES
I) EXTERNAL SECTOR	9,313	11,202	PLUS 1,889
1) PETROLEUM REVENUES	8,910	10,828	PLUS 1,918
A) ROYALTIES	2,862	3,073	PLUS 211
B) INCOME TAX #	5,868	7,655	1,787
C) EXCHANGE PROFITS	180	100	MINUS 80
2) INCOME TAX (IRON)	182	153	MINUS 29
3) FOREIGN LOANS	221	221	0
II) INTERNAL SECTOR	4,545	4,488	MINUS 57
1) DIRECT TAXES	1,994	2,200	PLUS 206
2) INDIRECT TAXES	1,924	1,774	MINUES 150
3) OTHER NON-TAX REVENUES	288	106	MINUS 182
4) OTHERS	339	408	PLUS 69
TOTAL REVENUES	13,858	15,690	PLUS 1,832
#1972 --	1,777		
1973 --	5,878		
	7,655		

4. RECOGNIZING NEED FOR GOVERNMENT TO MAINTAIN APPEARANCE FISCAL RESPONSIBILITY IN VIEW APPROACHING GENERAL ELECTIONS, FINANCE MINISTER OBERTO SAID GOVERNMENT WOULD BE VERY STRICT IN ITS UTILIZATION INCREASED PETROLEUM REVENUE. HIGH PRIORITY WOULD BE GIVEN TO ELIMINATION OF FISCAL DEFICIT AND POSSIBLY TO CREATION OF RESERVE FUND. SUBSEQUENTLY HOWEVER HE ANNOUNCED ADDITIONAL CREDITS BEING SOUGHT FROM CONGRESSIONAL LIMITED OFFICIAL USE

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INTERIM COMMISSION FOR AGRICULTURAL MARKETING CORPORATION WHICH HAS BEEN SUBSIDIZING IMPORT OF FEEDSTUFFS IN ORDER TO KEEP DOWN COST OF LIVING AND MAINTAIN PRICE FREEZE ON CONSUMER BASIC COMMODITIES. ADDITIONAL BS. 535,000 CREDIT REQUESTED FROM CONGRESS TO COVER COSTS RESULTING FROM EVACUATING VENEZUELAN FROM CHILE.
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